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Sent: Tuesday, March 31, 2020 12:17 PM
Subject: Some Facts About the New SBA Loans to Medical Practices

Dear Member Physician or APC-

*Please find some preliminary facts regarding the new **SBA 7(a) Payroll Protection Program loans** which were included as part of the recent CARES Act. We hope you find this information helpful and we encourage you to act early to obtain this funding and retain your staff during these challenging times. Please consult with your financial advisor and/or banking institution for more details.*

Norm

Paycheck Protection Program

What It Is

- The US Small Business Administration (SBA) 7(a) Paycheck Protection Program (PPP) under the CARES Act guarantees loans up to \$10,000,000 for small businesses. A total of \$349B is available through this program.
- PPP provides interest free loans, if funds are used within the specified period and for the specified uses, which can be partially forgivable (see below).
- Designed to encourage employers to retain employees through the COVID-19 crisis by assisting with certain operational costs.

Who Is Eligible

- Small businesses <500 employees, **group practices, solo practices**

What It Covers and How it Works

- *Allowable Uses:* Employee salaries, paid sick and medical leave, insurance premiums, rent, office mortgage interest, and utility payments.
- Retroactive to February 15, 2020 to help bring workers back onto the payrolls.
- Designed to help businesses for 2-2.5 months. Loan amount is **2.5 times** monthly salaries + benefits + rent + mortgage interest (based on a look back to 2019 staffing levels and expenses). Employee salary support capped at \$100K per person (practice must cover anything above that).
- Payments will be deferred for at least six months and no more than one year.
- Loans will be eligible for forgiveness up to the full principal amount of the loan; the amount eligible for forgiveness will be the costs incurred and payments made for payroll, mortgage interest, rent, and utilities. The forgiveness amount is subject to reduction if the borrower terminates employees or reduces employee salary and wages unless they are rehired or wage reductions are made up by June 30.

How to Apply

- Loans are obtained through community banks that are SBA lenders – check with your bank since not all are.
- Request a PPP application. The preliminary application is only 1-2 pages. The normal SBA process, which is very cumbersome, does not apply in this case. Lenders only need to determine

whether a business was operational on February 15, 2020 and if it had employees for whom it paid salaries and payroll taxes.

- SBA guarantees 100% of the loan – no personal loan guarantees or collateral are required. There are no SBA processing fees, though lenders may charge limited fees.
- If you have terminated or furloughed staff, be sure to rehire them back on the payroll by June 1 in order to be able to include them in the calculation of the loan amount.
- *NOTE: Apply ASAP to get a place in the queue – federal funding for these loans may not meet total demand.*